

## Message Text

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DRAFTED BY EUR/CAN:EMBROWN:MGH

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L/EUR:JRCROOK (DRAFT)

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R 020130Z NOV 73

FM SECSTATE WASHDC

TO AMEMBASSY OTTAWA

AMCONSUL CALGARY

AMCONSUL HALIFAX

AMCONSUL MONTREAL

AMCONSUL QUEBEC

AMCONSUL ST JOHNS

AMCONSUL TORONTO

AMCONSUL VANCOUVER

AMCONSUL WINNIPEG

UNCLAS STATE 216181

E.O. 11652: N/A

TAGS: CPRS, CA

SUBJ: PROPOSAL TO RESTRICT FOREIGN OWNERSHIP OF REAL  
PROPERTY IN ONTARIO

1. INTERIM REPORT OF ONTARIO LEGISLATIVE ASSEMBLY SELECT  
COMMITTEE ON ECONOMIC AND CULTURAL NATIONALISM Tabled  
OCTOBER 2, 1973 AMONG OTHER THINGS RECOMMENDED LIMITING  
OWNERSHIP OF REAL PROPERTY TO CANADIANS AND LANDED IMMI-  
GRANTS. IT WOULD RESTRICT FUTURE REAL ESTATE TRANSFEREES  
TO SUCH PERSONS, AND GIVE OTHERWISE INELIGIBLE LEGATEES  
THREE YEARS TO DISPOSE OF THEIR PROPERTY RIGHTS. IT WOULD  
EMPOWER LOCAL AUTHORITIES TO LEVY SURCHARGE OF UP TO 50  
PERCENT ON REAL PROPERTY TAX OF LANDOWNERS NOT ORDINARILY  
RESIDENT IN CANADA.

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2. WE UNDERSTAND LEGISLATION EMBODYING SELECT COMMITTEE RECOMMENDATIONS IS LIKELY TO BE INTRODUCED AT NEXT SESSION OF LEGISLATIVE ASSEMBLY.

3. ONLY TREATY COMMITMENT RELEVANT TO THESE RECOMMENDATIONS OF COMMITTEE DERIVES FROM US-UK CONVENTION SIGNED MARCH 2, 1899 AND MADE APPLICABLE TO CANADA ON JUNE 17, 1922. THIS TREATY REQUIRES THAT ALIENS INELIGIBLE TO HOLD REAL PROPERTY BE GIVEN AT LEAST THREE YEARS TO DISPOSE OF PROPERTY ACQUIRED BY INHERITANCE. IN US, REAL PROPERTY OWNERSHIP REGULATED BY STATE LAW. SOME 30 STATES IMPOSE NO SIGNIFICANT LIMITATIONS ON OWNERSHIP BY ALIENS; A FEW STATES IMPOSE SUBSTANTIAL DISABILITIES ON ALIENS, AND MANY STATES (INCLUDING CALIFORNIA, NEW YORK, WASHINGTON) APPLY VARYING RECIPROCITY TESTS TO RIGHTS OF FOREIGN CITIZENS TO INHERIT OR OWN REAL PROPERTY. ENACTMENT OF COMMITTEE RECOMMENDATIONS WOULD AFFECT RIGHTS OF ONTARIO CITIZENS TO INHERIT OR OWN PROPERTY IN THESE STATES. IT ALSO COULD LEAD STATES WHICH HAVE NOT ALREADY DONE SO TO IMPOSE RECIPROCAL DISABILITIES ON ONTARIO CITIZENS.

4. THOUGH NOT RETROACTIVE, RESTRICTIONS ARE DELIBERATELY DISCRIMINATORY AND IF ENACTED WOULD LESSEN VALUE OF PROPERTY ACQUIRED LEGALLY BY US CITIZENS, AND PERHAPS INCREASE THEIR TAX BILL IN CANADA. MEMBERS OF CONGRESS HAVE ALREADY HAD LETTERS ABOUT MATTER, WITH WRITERS' POINTING TO EXTENSIVE CANADIAN OWNERSHIP OF REAL PROPERTY IN US (ONE LETTER STATES ONTARIO PREMIER DAVIS OWNS CONDOMINIUM IN FLORIDA) WHICH COULD BE SUBJECT TO RETALIATION IF ONTARIO SHOULD ENACT SELECT COMMITTEE RECOMMENDATIONS.

5. AT ITS DISCRETION, REQUEST EMBASSY POINT OUT FOREGOING TO GOC, AND SUBJECT EMBASSY'S CONCURRENCE REQUEST CONGEN TORONTO DO SAME WITH ONTARIO AUTHORITIES.

6. WOULD APPRECIATE REPORTS FROM ALL OTHER CONGENS CONCERNING PROVINCIAL LEGISLATION PLACING NATIONALITY RESTRICTION ON REAL PROPERTY OWNERSHIP, OR ANY RECENT OR CURRENT MOVES TO PROPOSE SUCH LEGISLATION. KISSINGER  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PROPOSAL TO RESTRICT FOREIGN OWNERSHIP OF REAL PROPERTY IN ONTARIO  
**TAGS:** CPRS, CA  
**To:** OTTAWA MULTIPLE  
**Type:** TE  
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